

MINUTES OF BOARD OF DIRECTORS MEETING
APRIL 18, 2017

THE STATE OF TEXAS §
COUNTY OF HARRIS §
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109 §

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 109 (the "District") met in regular session, open to the public, at the Holiday Inn Express & Suites Atascocita, 5619 FM 1960 East, Humble, Texas 77346, at 6:00 p.m. on April 18, 2017, whereupon the roll was called of the members of the Board, to wit:

Owen H. Parker, President
Glenn R. Bogs, Vice President
Chris Green, Secretary
Robin Sulpizio, Assistant Secretary
Cheryl Moore, Treasurer/Investment Officer

All members of the Board were present, except for Directors Bogs and Sulpizio, thus constituting a quorum. Also attending all or parts of the meeting were Dr. George Nunez, District resident; Sergeant Chris Zohzi, Lieutenant Steve Romero, Corporal Gamble, Deputy Jesus Morales, and Deputy Michael Johnson of Harris County Precinct 4 Constable's Office; Mr. Cory Burton of Municipal Accounts & Consulting, LP, bookkeeper for the District; Mr. Paul Villarreal of Water Waste Water Management Services, Inc. ("WWWMS"), operator for the District; Mr. Matt Froehlich of BGE, Inc. ("BGE"), engineer for the District; and Ms. Brenda Presser, paralegal, of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District.

The President called the meeting to order in accordance with notice posted pursuant to law, copies of the Certificates of Posting are attached hereto as *Exhibit A*, and the following business was transacted:

1. **Accept resignation of Director Bogs.** The President reported that Director Bogs has submitted his resignation as Vice President and member of the Board of Directors. Upon motion by Director Green, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to accept Mr. Bogs' resignation.
2. **Appoint a new director.** This item was deferred pending submission of candidate(s).
3. **Election of Officers.** This item was deferred pending appointment of director.
4. **Minutes.** The Board considered the proposed minutes of the meeting held on March 21, 2017, previously distributed to the Board. Upon motion by Director Green, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting held on March 21, 2017, as presented.
5. **Public Comments.** The President recognized Dr. Nunez, who stated that he is a resident of Kings Lake Estates and has been experiencing chronic drain issues in his back yard for approximately two years. He reported that drainage previously ran off to a vacant lot, which now has a home on it, resulting in a re-direction of drainage from adjacent properties to his property. He reported on the measures he has taken to reduce the ponding and saturation,

such as french drains and submersible drains. Dr. Nunez asked the Board's direction on the responsible party and contact to eliminate this problem. Mr. Froehlich reported that he will go by Dr. Nunez' property and assess the issues and assist with connecting him with a contact to pursue a solution.

6. **Security Report.** The President recognized Sergeant Zohzi, who introduced the staff of officers attending the meeting. He then reviewed the Security Report with the Board, a copy of which is attached as *Exhibit B*.

7. **Approve District Insurance proposal and authorize indemnification of Directors.** The President noted the presentation of proposals last month from HARCO Insurance Services and Arthur J. Gallagher Waterworks Insurance Network for renewal of the District's insurance policy. Upon motion by Director Green, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Waterworks Insurance Network ("WIN") Arch/Grundy option insurance proposal, a copy of which is attached hereto as *Exhibit C*.

8. **Tax Collector's Report and authorize payment of certain bills.** The President reported the Tax Assessor/Collector reported that he is unable to attend the meeting and his report will be presented next month.

9. **Depository Pledge Agreement with Compass Bank and related document(s).** Upon motion by Director Moore, seconded by Director Green, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Depository Pledge Agreement with Compass Bank and Letter of Credit Agreement, copies of which is attached hereto as *Exhibit D*.

10. **Review Bookkeeper's Report.** The President recognized Mr. Burton, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as *Exhibit E*. Mr. Burton reviewed disbursements from the General Operating Fund and reported that the amounts for check numbers 12170 through 12173 have been left blank pending receipt of invoices prior to the next meeting that will be paid without incurring late fees.

Upon motion by Director Green, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Bookkeeper's Report, and to authorize payment of the checks in the amounts and for the purposes listed therein.

11. **Adopt budget for fiscal year ending May 31, 2018.** Mr. Burton requested the Board defer action on the budget for fiscal year ending May 31, 2018 to next month. It was the consensus of the Board to defer this item to next month.

12. **Engineer's Report.** Mr. Froehlich presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit F*. Upon motion by Director Green, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report.

Mr. Froehlich reported on a request for utility services and possible annexation of a 1.5 acre tract for a proposed multifamily complex, which he stated requires approximately 15 equivalent single family connections. Mr. Froehlich reported there is both water and sanitary sewer capacity to serve the proposed complex, however, there will be some costs to the

developer for improvements to provide access to these utilities. No action is requested of the Board at this time.

13. **Developer's Report.** Mr. Froehlich reported there are no updates on Rivergrove and Kings Lake..

14. **Review Operations Report and authorize repairs.** Mr. Villarreal presented to and reviewed with the Board the Operations Report dated April 18, 2017, the lift station flow report, and a list of delinquent accounts, copies of which are attached hereto as *Exhibit G*. Mr. Villarreal reported that 92% of the water pumped was billed for the period March 1, 2017 through March 31, 2017.

Mr. Villarreal stated there are no delinquent accounts for collections.

Mr. Villarreal reviewed the following correspondence and payment histories for District customers:

(1) request for a waiver of late fee and penalty of \$2.85, contends that bill may have been lost in the mail. Mr. Villarreal reported the customer has a good payment history.

(2) request for a payment plan due to higher bills resulting from a water leak that was subsequently repaired.

(3) request for an extension due to unforeseen medical bills.

Mr. Villarreal reviewed the delinquent accounts, noting the cut-off date for delinquent accounts is April 24, 2017.

Upon motion by Director Green, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report, to terminate service on delinquent accounts in accordance with the District's Rate Order, to authorize WWWMS to waive late fee and penalty of \$2.85, as requested, coordinate with customer to arrange a payment plan for the customer with higher than usual water bills due to a water leak, and extend the due date to May 5th as requested by customer with unforeseen medical bills.

15. **Review and discuss a proposal for the sale/lease of District property for a proposed communications facility.** The President reported the District received a letter requesting the District's consideration to sell or lease approximately 2,500 square feet at the Wastewater Treatment Plant site. Discussion ensued. No action taken by the Board.

16. **Engage Arbitrage Compliance Specialists for Series 2015 and Series 2017 Bond Management Compliance Program.** Director Parker reported the District received correspondence from Arbitrage Compliance Specialists proposing a compliance management program for the District's Series 2015 and 2017 bonds. Ms. Presser noted there is a one-time fee of \$450 for each issue to collect initial data and an annual fee of \$110 per bond issue for debt service investment yield testing.

Upon motion by Director Moore, seconded by Director Green, after full discussion and the question being put to the Board, the Board voted unanimously to approve the engagement letters with ACS for a bond compliance program for the District's Series 2015 and 2017 bonds.

17. **GIS Quarterly Status Report.** The Board considered the GIS Quarterly Status Report for first quarter 2017, previously distributed to the Board.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

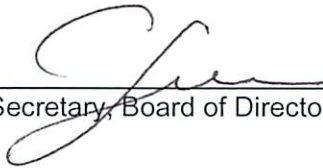
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The above and foregoing minutes were passed and approved by the Board of Directors on May 16, 2017.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

